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**Refer to** : **M Mothekhe**  
**Reference No:** **4/4/1/1**  
**Extension** : **8543**  
**Date** : **14 April 2022**

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**SPEAKER**  
**COUNCIL ITEM**

**REPORT ON THE WARD COMMITTEE STIPENDS POLICY**

**1. Purpose**

The purpose of this report is to seek Municipal Council approval of the Ward Committee Stipend Policy

**2. Background**

Ward Committee stipends had been in operation since 2006, and the office of the Speaker had been primarily managing the administration of stipends through the application of Government Gazette No. 973 of 08 October 2009, Criteria for determining out of pocket expenses for ward committee members. The draft document on the ward Committee stipends policy is intended to regularize the management of the whole process and put in place building blocks regarding review, standards and administrative framework.

At the initial stages of the ward committee management system. Mangaung municipality had 45 wards during the 2006 Council and today the ward increased to 51 with a possibility of further increasing in the next cycle of elections. The contributing change is as a result of the increase of registered voter threshold during 2006 was standing at 6 500 and in 2022 the threshold is at an average of 8 200. This mean that the volume of work of a ward councillor had increased over the years, and also impacting on the support and contribution of ward committees. With the commencement of the 2011 Council term, Naledi Municipality was incorporated to Mangaung and including part of Masilonyana municipality. This factor therefore increased the work of ward councillors, overhauling ward boundaries and further precipitating massiveness of some wards, especially taking account that Mangaung is a semi-rural metropolitan municipality.

The core purpose of having functional ward committees is as inscribed in the SALGA ward committee manual which is “to have effective ward governance system”.

## Deliberations

### 3.1. Types of stipends

Stipends range widely depending on the organization and the stipend's purpose, as thoroughly explained in the SALGA Stipends Manual here are a few common types:

1. **Living-cost stipends:** Institutions, like churches and universities, often offer stipends in place of a salary or hourly wages, intended to cover expenses like living costs or to thank the receiver for the work they're doing. Common recipients of these kinds of stipends include graduate students, interns (especially in unpaid internships), trainees, volunteers, or clergy.
2. **Academic research stipends:** Research stipends often fund research at academic institutions and are paid to student researchers or graduate assistants to allow them to focus on their projects rather than spend a portion of their time working outside jobs.
3. **Career development stipends:** Some companies and organizations offer specific stipends for job training, allowing employees to attend conferences or receive certifications to help them with their work and advance their skills.
4. **Wellness stipends:** Some organizations offer wellness stipends as part of a benefits package or perks system, encouraging employees to take classes, enroll in gym memberships, or purchase items to help them live healthier lives.
5. **Health insurance stipends:** In cases where employers don't provide healthcare insurance to their employees, they may instead offer health insurance stipends to help employees cover health-related costs.
6. **Miscellaneous stipends:** Some institutions or employers may offer small stipends to cover a wide range of specific costs, like commuting costs, work expenses, telephone expenses.

### 3.2. What Are the Differences Between a Stipend and a Salary?

While both stipends and salaries are ways to pay or reimburse individuals for work, they operate very differently in:

- **Function:** Stipends are offered as financial support to cover specific costs (like training costs, living expenses or out-of-pocket expenses), and in some cases, the recipient may be required to document how they spend their stipend. On the other hand, companies pay salaries to regular employees as earnings for their work without any expectation of how they will use the money.
- **Amount:** The amounts of stipends and salaries vary widely, but in general, a stipend amount is a small sum of money, whereas salaries or hourly wages are subject to minimum wage requirements and must be above the state-mandated minimum.

- **Payment plan:** Mangaung will pay out ward committee stipend as a monthly stipend or reimbursement on the bank account of each ward committee member.
- **Variability:** In most cases, a stipend is a fixed sum of money and is not adjusted according to the amount of work performed, the cost of living, or the recipient's individual needs. Salaries and hourly wages, however, are subject to much more variability and can increase or decrease depending on overtime pay or the amount of time worked.

### **3.3. Are stipends taxable**

- The SARS tax laws governing stipends and salaries are slightly different. While the SARS considers stipends and salaries taxable income, salaries have taxes withheld automatically; also with stipends, the Municipality will withhold PAYE recipient taxes on the amount of each ward committee member at the end of each month.

## **4. Policy and legislative Framework**

Since 1994, local government in South Africa has been shaped and guided by the following pieces of legislation, amongst others:

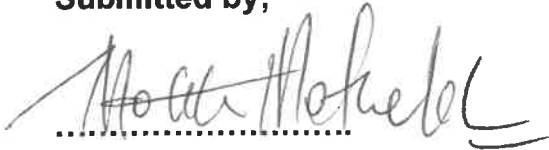
1. The Constitution of the Republic of South Africa, 1996
2. The Batho Pele White Paper, 1997
3. The White Paper on Local Government, 1998
4. Local Government: Municipal Demarcation Act, 1998
5. Local Government: Municipal Structures Act, 1998
6. Local Government: Municipal Systems Act, 2000
7. Promotion of Access to Information Act, 2000
8. Municipal Planning and Performance Management Regulations, 2001
9. Local Government: Municipal Finance Management Act, 2003
10. The Guidelines for the Establishment and Operation of Municipal Ward Committees, 2005.
11. Government Gazette No. 973 of 08 October 2009, Criteria for determining out of pocket expenses for ward committee members

## **3. Recommendation**

**It is hereby recommended that it be resolved, that**

- a) the Municipal Council take note of this report;**
- b) the Municipal Council approves and adopt the Ward Committee Stipends Policy**

Submitted by;



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**MR MOTETE MOTHEKHE**  
**SECRETARIAT**

Recommended / ~~Not Recommended~~



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**MR. TEBOGO MOTLASHUPING**  
**ACTING CITY MANAGER 29/04/2022**

Supported / ~~Not Supported~~



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**CLLR. NTOMBI NHLAPO**  
**CHAIRPERSON : REMUNERATIONS**

Recommended/ ~~not Recommended~~



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**CLLR. SB LOCKMAN-NAIDOO**  
**SPEAKER 29/04/2022**